

CITY OF LINDSBORG, KANSAS
SPECIAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,
2011

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McPherson, Kansas 67460

CITY OF LINDSBORG, KANSAS
SPECIAL FINANCIAL STATEMENTS
For the Years Ended December 31, 2011 and 2010

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CITY OF LINDSBORG, KANSAS
SPECIAL FINANCIAL STATEMENTS
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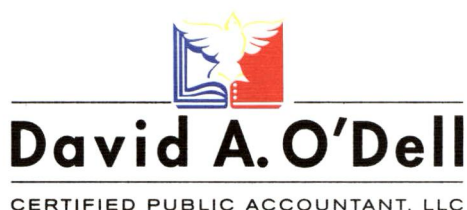
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Lindsborg, Kansas

I have audited the accompanying financial statements of the City of Lindsborg, Kansas, as of and for the years ended December 31, 2011 and 2010 and the individual fund financial statements of the City of Lindsborg, Kansas, as of and for the years ended December 31, 2011 and 2010, as listed in table of contents. These financial statements are the responsibility of the City of Lindsborg, Kansas' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the City prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In my opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2011 and 2010, or the results of its operations, or the cash flows of its proprietary fund types for the year then ended.

However, in my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of the City as of December 31, 2011 and 2010, and its cash receipts and expenditures, for the years then ended on the basis of accounting described in Note 1. Also, in my opinion, the individual fund financial statements as of and for the years ended December 31, 2011 and 2010, present fairly in all material respects, the cash receipts, expenditures, and unencumbered cash balances, on the basis of accounting described in Note 1.

My audit was performed for the purpose of forming an opinion on the basic financial statements of the City of Lindsborg, Kansas, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole with the exception of financial statements being presented on a cash basis and budget laws of the State of Kansas.

This report is intended solely for the information and use of the Mayor, City Council and management of the City of Lindsborg, Kansas, and for filing with the Division of Accounts and Reports and is not intended to be and should not

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be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink, appearing to read "D. A. O'Dell".

David A. O'Dell CPA, LLC

July 10, 2012
McPherson, Kansas

CITY OF LINDSBORG, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL OPERATING FUND:							
General Operating Fund	\$ 778,497	\$ -	\$ 1,626,097	\$ 1,657,775	\$ 746,819	\$ 96,394	\$ 843,213
SPECIAL REVENUE FUNDS:							
Special Law Enforcement Fund	72	-	-	-	72	-	72
Industrial Development Fund	13,789	-	68,275	54,016	28,048	1,997	30,045
Library Fund	-	-	47,939	47,939	-	-	-
Recreation Fund	16,748	-	64,534	55,553	25,729	40	25,769
Special Park and Recreation Fund	49,201	-	5,645	3,736	51,110	-	51,110
Special Streets Fund	170,290	-	87,193	112,813	144,670	15,331	160,001
Tourism Promotion Fund	6,469	-	15,618	16,215	5,872	-	5,872
Municipal Golf Course Fund	24,117	-	141,375	165,335	157	4,894	5,051
Total Special Revenue Funds	280,686	-	430,579	455,607	255,658	22,262	277,920
DEBT SERVICE FUND:							
Bond and Interest Fund	38,595	-	181,184	216,045	3,734	-	3,734
CAPITAL PROJECTS FUNDS:							
Street	-	-	-	-	-	-	-
Capital Improvement Reserve	47,220	-	50,000	-	97,220	-	97,220
Municipal Equipment Reserve	60,563	-	-	-	60,563	-	60,563
Waste Water Treatment	-	-	1,310,732	1,310,732	-	-	-
Electric	-	-	-	-	-	-	-
Sundstrom Project	-	-	69,979	69,979	-	28,761	28,761
Special Sewer Reserve Fund	-	-	258,050	-	258,050	-	258,050
Electric Reserve Fund	-	-	1,450,000	-	1,450,000	-	1,450,000
Solid Waste Reserve Fund	-	-	64,000	-	64,000	-	64,000
Water Reserve Fund	-	-	900,000	-	900,000	-	900,000
Total Capital Projects Funds	107,783	-	4,102,761	1,380,711	2,829,833	28,761	2,858,594
ENTERPRISE FUNDS:							
Electric Utility Fund	2,286,663	-	3,047,208	4,545,511	788,360	282,618	1,070,978
Water Utility Fund	1,212,554	-	452,880	1,298,479	366,955	8,621	375,576
Sewer Utility Fund	650,461	-	593,953	714,488	529,926	8,919	538,845
Ambulance Fund	220,041	-	188,667	185,285	223,423	26,962	250,385
Solid Waste Fund	230,767	-	207,837	243,467	195,137	12,995	208,132
Total Enterprise Funds	4,600,486	-	4,490,545	6,987,230	2,103,801	340,115	2,443,916
Total Primary Government	5,806,047	-	10,831,166	10,697,368	5,939,845	487,532	6,427,377

The notes to the financial statements are an integral part of this statement.

CITY OF LINDSBORG, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
COMPONENT UNITS:							
Library Board	84,288	-	68,804	62,109	90,983	13,429	104,412
Elmwood Cemetery Board	31,652	-	91,481	63,234	59,899	689	60,588
Total Component Units	115,940	-	160,285	125,343	150,882	14,118	165,000
Total Reporting Entity (Excluding Agency Funds)	\$ 5,921,987	\$ -	\$ 10,991,451	\$ 10,822,711	\$ 6,090,727	\$ 501,650	\$ 6,592,377

COMPOSITION OF CASH:

Cash on Hand	\$ 1,250
Checking Accounts	407,624
Certificates of Deposit	6,018,428
Kansas Municipal Investment Pool	75
Escrow funds UN	-
Total Cash - Primary Government	6,427,377
Agency Funds per Statement 5	
Total Primary Government (Excluding Agency Funds)	6,427,377
Cash on Hand	100
Checking Accounts	24,209
Savings Accounts	38,232
Certificates of Deposit	102,459
Total Cash - Component Units	165,000
Total Reporting Entity (Excluding Agency Funds)	\$ 6,592,377

The notes to the financial statements are an integral part of this statement.

CITY OF LINDSBORG, KANSAS

(Budgeted Funds Only)

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Favorable (Unfavorable)</u>
GENERAL OPERATING FUND					
General Operating Fund	\$ 1,741,907	\$ -	\$ 1,741,907	\$ 1,657,775	\$ 84,132
SPECIAL REVENUE FUNDS:					
Economic Development Fund	-	-	-	-	-
Special Law Enforcement Fund	-	-	-	-	-
Industrial Development Fund	73,000	-	73,000	54,016	18,984
Library Fund	49,180	-	49,180	47,939	1,241
Recreation Fund	78,500	-	78,500	55,553	22,947
Special Park and Recreation Fund	56,173	-	56,173	3,736	52,437
Special Streets Fund	261,653	-	261,653	112,813	148,840
Tourism Promotion Fund	22,544	-	22,544	16,215	6,329
Municipal Golf Course Fund	168,558	-	168,558	165,335	3,223
DEBT SERVICE FUND:					
Bond and Interest Fund	241,070	-	241,070	216,045	25,025
ENTERPRISE FUNDS:					
Electric Utility Fund	4,957,400	-	4,957,400	4,545,511	411,889
Water Utility Fund	1,549,324	-	1,549,324	1,298,479	250,845
Sewer Utility Fund	1,386,022	-	1,386,022	714,488	671,534
Ambulance Fund	365,163	-	365,163	185,285	179,878
Solid Waste Fund	437,414	-	437,414	243,467	193,947

CITY OF LINDSBORG, KANSAS
GENERAL OPERATING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS:				
Ad Valorem Taxes -				
Current Tax	\$ 500,880	\$ 415,702	\$ 429,589	\$ (13,887)
Delinquent Tax	10,285	15,024	5,000	10,024
MV, RV and Heavy Truck Tax	75,482	80,629	85,152	(4,523)
In Lieu of Taxes	15,241	7,560	15,000	(7,440)
Sales and Compensating Tax - County	365,053	390,009	255,000	135,009
Sales and Compensating Tax - City	240,848	367,198	255,000	112,198
Liquor Tax	6,449	5,645	6,514	(869)
Connecting Links	11,040	11,040	11,032	8
Rural Fire District Contract	18,490	19,459	16,200	3,259
Licenses, Permits, and Fees -				-
Franchise	75,601	73,817	80,000	(6,183)
Dog/Impounding	2,850	3,000	2,000	1,000
Liquor Licenses	350	750	1,000	(250)
Building Permits	3,104	6,992	5,000	1,992
Pole Charges - Cable TV	3,991	4,499	3,900	599
Space Charge - Cellular Antenna	9,650	18,284		18,284
Other	4,575	2,896	2,150	746
Interest	63,411	50,433	50,000	433
Court Fees	44,759	62,933	73,000	(10,067)
Reimbursed Expenses	40,597	7,444	5,000	2,444
Rental Income	2,030	6,280	11,400	(5,120)
Annual Compost Conference	-			-
CVB Memberships/Lindsborg Tomorrow	243	1,426	-	1,426
Miscellaneous Income	4,417	6,682	5,000	1,682
Swimming Pool -				
Concessions	7,208	7,047	7,500	(453)
Lessons	3,775	4,475	3,000	1,475
Admissions	34,302	33,807	33,500	307
Swim Club Proceeds	1,438	2,066	1,000	1,066
Operating Transfers	19,200	21,000	21,000	-
Total Cash Receipts	1,565,269	1,626,097	\$ 1,382,937	\$ 243,160

The notes to the financial statements are an integral part of this statement.

CITY OF LINDSBORG, KANSAS
GENERAL OPERATING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance- Favorable (Unfavorable)
EXPENDITURES:				
General Government -				
Personal Services	\$ 161,651	\$ 184,589	\$ 197,000	\$ 12,411
Contractual	145,084	152,240	155,500	3,260
Commodities	27,019	27,512	25,000	(2,512)
Capital Outlay	7,031	23,779	76,407	52,628
Real Estate Taxes	7,585	4,521	11,000	6,479
Continuing Education	9,070	9,603	8,500	(1,103)
Public Safety -				
Personal Services	413,275	426,687	417,000	(9,687)
Contractual	33,607	30,770	37,500	6,730
Commodities	44,955	36,002	39,000	2,998
Capital Outlay	32,779	18,492	23,500	5,008
Continuing Education	3,115	6,390	5,000	(1,390)
Streets and Highways -				
Personal Services	182,216	192,146	200,000	7,854
Contractual	17,023	15,029	17,750	2,721
Commodities	43,742	37,892	33,000	(4,892)
Capital Outlay	4,190	52,647	35,000	(17,647)
Continuing Education	1,076	1,150	750	(400)
Park -				
Personal Services	115,651	114,744	120,000	5,256
Contractual	15,795	15,049	19,000	3,951
Commodities	25,148	21,126	20,000	(1,126)
Capital Outlay	29,949	16,050	25,000	8,950
Continuing Education	1,551	922	1,000	78
CVB				
Personal Services	71,890	85,377	86,000	623
Contractual	5,019	9,156	18,000	8,844
Commodities	5,856	4,154	9,000	4,846
Capital Outlay	1,230	-	-	-
Continuing Education	1,726	2,030	1,000	(1,030)
Swimming Pool -				
Personal Services	52,446	58,197	68,000	9,803
Contractual	6,595	6,849	10,000	3,151
Commodities	6,095	10,759	8,500	(2,259)
Concessions	4,322	4,004	6,500	2,496
Capital Outlay	3,019	-	7,500	7,500

The notes to the financial statements are an integral part of this statement.

**CITY OF LINDSBORG, KANSAS
GENERAL OPERATING FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)**

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
EXPENDITURES (Continued):				
Library	772	2,148	1,500	(648)
Transfers Out -				
Sundstrom Reserve	-	28,761	-	(28,761)
Cemetery	9,000	9,000	9,000	-
Capital Improvement Reserve	47,220	50,000	50,000	-
TOTAL EXPENDITURES	1,536,702	1,657,775	\$ 1,741,907	\$ 84,132
Receipts Under Expenditures	28,567	(31,678)		
Unencumbered Cash, Beginning	749,930	778,497		
Unencumbered Cash, Ending	\$ 778,497	\$ 746,819		

CITY OF LINDSBORG, KANSAS
SPECIAL REVENUE FUND - SPECIAL LAW ENFORCEMENT TRUST

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
Forfeited Property Funds	\$ 72	\$ 72
Expenditures:		
Appropriate to Police Department	<u>-</u>	<u>-</u>
Receipts Under Expenditures	72	72
Unencumbered Cash, Beginning of Year	<u>-</u>	<u>-</u>
Unencumbered Cash, End of Year	<u><u>\$ 72</u></u>	<u><u>\$ 72</u></u>

CITY OF LINDSBORG, KANSAS
SPECIAL REVENUE FUND - INDUSTRIAL DEVELOPMENT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad Valorem Property Tax	\$ 23,653	\$ 47,003	\$ 48,566	\$ (1,563)
Back Tax Collections	811	0	500	(500)
MV, RV and Heavy Truck Tax	6,376	5,203	4,019	1,184
County Economic Development Funds	6,090	6,069	6,090	(21)
Transfer in - Electric Utility Fund	10,000	10,000	10,000	-
Total Cash Receipts	46,930	68,275	\$ 69,175	\$ (900)
Expenditures:				
Personal Services	33,998	22,907	\$ 35,000	\$ 12,093
Contractual	27,124	29,800	33,000	3,200
Commodities	1,973	660	5,000	4,340
Capital Outlay	-	649	-	(649)
Continuing Education	284	-	-	-
Total Expenditures	63,379	54,016	\$ 73,000	\$ 18,984
Receipts Over (Under) Expenditures	(16,449)	14,259		
Unencumbered Cash, Beginning of Year	30,238	13,789		
Unencumbered Cash, End of Year	\$ 13,789	\$ 28,048		

CITY OF LINDSBORG, KANSAS

SPECIAL REVENUE FUND - LIBRARY FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad Valorem Property Tax	\$ 40,563	\$ 40,200	\$ 41,535	\$ (1,335)
Back Tax Collections	875	122	750	(628)
MV, RV and Heavy Truck Tax	6,494	7,617	6,895	722
Total Cash Receipts	47,932	47,939	<u>\$ 49,180</u>	<u>\$ (1,241)</u>
Expenditures:				
Library Board	47,932	47,939	<u>\$ 49,180</u>	<u>\$ 1,241</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

**CITY OF LINDSBORG, KANSAS
SPECIAL REVENUE FUND - RECREATION FUND**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad Valorem Property Tax	\$ 40,900	\$ 41,226	\$ 42,592	\$ (1,366)
Back Tax Collections	749	133	250	(117)
MV, RV and Heavy Truck Tax	7,150	8,291	6,951	1,340
Activity Fees	17,615	14,805	17,000	(2,195)
Concessions	-	-	-	-
Other	553	79	500	(421)
Total Cash Receipts	66,967	64,534	\$ 67,293	\$ (2,759)
Expenditures:				
Personal Services	41,852	21,645	\$ 54,000	\$ 32,355
Contractual	12,036	10,084	14,500	4,416
Commodities	9,327	5,895	10,000	4,105
Capital Outlay	-	-	-	-
Transfer to Municipal Golf Course	-	17,507	-	(17,507)
Other	-	195	-	(195)
Continuing Education	380	227	-	(227)
Total Expenditures	63,595	55,553	\$ 78,500	\$ 22,947
Receipts Over Expenditures	3,372	8,981		
Unencumbered Cash, Beginning of Year	13,376	16,748		
Unencumbered Cash, End of Year	\$ 16,748	\$ 25,729		

CITY OF LINDSBORG, KANSAS
SPECIAL REVENUE FUND - SPECIAL PARK AND RECREATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
Cash Receipts:				
Liquor Tax	\$ 6,449	\$ 5,645	\$ 6,514	\$ (869)
Expenditures:				
Contractual	-	3,736	1,000	(2,736)
Commodities	-	-	1,000	1,000
Capital Outlay	-	-	54,173	54,173
Total Expenditures	-	3,736	\$ 56,173	\$ 52,437
Receipts Over Expenditures	6,449	1,909		
Unencumbered Cash, Beginning	42,752	49,201		
Unencumbered Cash, Ending	<u>\$ 49,201</u>	<u>\$ 51,110</u>		

CITY OF LINDSBORG, KANSAS
SPECIAL REVENUE FUND - SPECIAL STREETS FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
State of Kansas - Fuel Tax	\$ 86,865	\$ 87,193	\$ 89,370	\$ (2,177)
Reimbursed Expenses	-	-	-	-
KDOT Grant	-	-	-	-
Total Cash Receipts	86,865	87,193	<u>\$ 89,370</u>	<u>\$ (2,177)</u>
Expenditures:				
Contractual	32,933	101,870	226,653	124,783
Transfers Capital Projects Streets	46,952	-	-	-
Commodities	13,254	10,943	35,000	24,057
Total Expenditures	93,139	112,813	<u>\$ 261,653</u>	<u>\$ 148,840</u>
Receipts Over (Under) Expenditures	(6,274)	(25,620)		
Unencumbered Cash, Beginning	176,564	170,290		
Unencumbered Cash, Ending	<u>\$ 170,290</u>	<u>\$ 144,670</u>		

CITY OF LINDSBORG, KANSAS
SPECIAL REVENUE FUND - TOURISM PROMOTION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Transient Guest Tax	\$ 16,679	\$ 15,618	\$ 20,000	(4,382)
Other	-	-	-	-
	<u>16,679</u>	<u>15,618</u>	<u>\$ 20,000</u>	<u>\$ (4,382)</u>
Expenditures:				
Contractual	11,542	9,109	\$ 21,544	\$ 12,435
Commodities	<u>4,573</u>	<u>7,106</u>	<u>1,000</u>	<u>(6,106)</u>
Total Expenditures	<u>16,115</u>	<u>16,215</u>	<u>\$ 22,544</u>	<u>\$ 6,329</u>
Receipts Over Expenditures	564	(597)		
Unencumbered Cash, Beginning	<u>5,905</u>	<u>6,469</u>		
Unencumbered Cash, Ending	<u>\$ 6,469</u>	<u>\$ 5,872</u>		

CITY OF LINDSBORG, KANSAS
SPECIAL REVENUE FUND - MUNICIPAL GOLF COURSE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad Valorem Property Tax	\$ 12,627	\$ 10,423	\$ 10,770	\$ (347)
Back Tax Collections	508	397	250	147
MV, RV and Heavy Truck Tax	4,848	2,203	2,147	56
Activity Fees	107,284	99,482	115,000	(15,518)
Concessions	11,234	10,697	15,000	(4,303)
Transfer in Recreation fund	-	17,507	-	17,507
Other	5,696	666	2,500	(1,834)
Total Cash Receipts	142,197	141,375	\$ 145,667	\$ (4,292)
Expenditures:				
Personal Services	85,152	83,518	\$ 98,500	\$ 14,982
Contractual	20,074	25,780	17,000	(8,780)
Commodities	25,759	18,888	29,000	10,112
Capital Outlay	6,457	1,473	5,000	3,527
Concessions	5,563	10,083	-	(10,083)
Debt Service Principal	15,000	15,000	15,000	-
Debt Service Interest	4,188	4,058	4,058	-
Sales Tax	7,625	5,180	-	(5,180)
Other Expenses	1,505	1,355	-	(1,355)
Total Expenditures	171,323	165,335	\$ 168,558	\$ 3,223
Receipts Over Expenditures	(29,126)	(23,960)		
Unencumbered Cash, Beginning of Year	53,243	24,117		
Unencumbered Cash, End of Year	\$ 24,117	\$ 157		

CITY OF LINDSBORG, KANSAS
DEBT SERVICE FUND - BOND AND INTEREST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad Valorem Property Tax	\$ 117,314	\$ 116,330	\$ 120,286	\$ (3,956)
Back Tax Collections	2,584	3,343	1,500	1,843
MV, RV and Heavy Truck Tax	18,965	19,148	19,944	(796)
Sales and Compensating Tax - City	97,655	27,450	57,000	(29,550)
Special Assessments	15,582	14,834	15,517	(683)
Interest income	247	79	-	79
Total Cash Receipts	252,347	181,184	\$ 214,247	\$ (33,063)
Expenditures:				
Hospital Bond Principal	80,000	45,000	45,000	-
Hospital Bond Interest	18,979	16,242	16,242	-
Principal	255,000	85,000	85,000	-
Interest	72,318	69,803	69,803	-
Cash reserve for Delinquencies	-	-	25,000	25,000
Commission and Postage	-	-	25	25
Total Expenditures	426,297	216,045	\$ 241,070	\$ 25,025
Receipts Over Expenditures	(173,950)	(34,861)		
Unencumbered Cash, Beginning	212,545	38,595		
Unencumbered Cash, Ending	\$ 38,595	\$ 3,734		

**CITY OF LINDSBORG, KANSAS
CAPITAL PROJECT FUND - STREET**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011**

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts:		
Bond Proceeds	\$ -	\$ -
Other Financing Resources	-	-
Transfer from Special Street	46,952	-
Interest Income	231	-
	<hr/>	<hr/>
Total Cash Receipts	47,183	-
Expenditures:		
Transfers out	-	-
Costs of issuance	-	-
Capital Outlay	1,365,804	-
	<hr/>	<hr/>
Total Expenditures	1,365,804	-
Receipts Over (Under) Expenditures	(1,318,621)	-
Unencumbered Cash, Beginning	<hr/> 1,318,621	<hr/> -
Unencumbered Cash, Ending	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -

CITY OF LINDSBORG, KANSAS
CAPITAL PROJECT FUND - CAPITAL IMPROVEMENT RESERVE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
Transfer from General Fund	\$ 47,220	\$ 50,000
Expenditures:		
Capital Outlay	<u>-</u>	<u>-</u>
Receipts Under Expenditures	47,220	50,000
Unencumbered Cash, Beginning	<u>-</u>	<u>47,220</u>
Unencumbered Cash, Ending	<u><u>\$ 47,220</u></u>	<u><u>\$ 97,220</u></u>

CITY OF LINDSBORG, KANSAS
CAPITAL PROJECT FUND - MUNICIPAL EQUIPMENT RESERVE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
Transfer from General Fund	\$ -	\$ -
Expenditures:		
Capital Outlay	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>60,563</u>	<u>60,563</u>
Unencumbered Cash, Ending	<u><u>\$ 60,563</u></u>	<u><u>\$ 60,563</u></u>

CITY OF LINDSBORG, KANSAS
CAPITAL PROJECT FUND - WASTE WATER TREATMENT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
KDHE / ARRA Funds	\$ 3,639,941	\$ 1,310,732
EPA Grant	485,000	-
Transfer in Sewer Utility Fund	134,460	-
	<u>4,259,401</u>	<u>1,310,732</u>
Total Cash Receipts	4,259,401	1,310,732
Expenditures:		
Capital Outlay	<u>4,259,401</u>	<u>1,310,732</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF LINDSBORG, KANSAS
CAPITAL PROJECT FUND - ELECTRIC**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011**

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
Bond Proceeds	\$ -	\$ -
Other Financing Resources	-	-
Transfer from Special Street	-	-
Interest Income	-	-
	<hr/>	<hr/>
Total Cash Receipts	-	-
Expenditures:		
Costs of issuance	-	-
Capital Outlay	-	-
	<hr/>	<hr/>
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<hr/>	<hr/>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF LINDSBORG, KANSAS
CAPITAL PROJECT FUND - SUNDSTROM PROJECT**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011**
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
City Sales Tax	\$ -	\$ 41,218
Transfer from General Fund	-	28,761
	<u>-</u>	<u>28,761</u>
Total Cash Receipts	-	69,979
Expenditures:		
Capital Outlay	-	69,979
	<u>-</u>	<u>69,979</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

CITY OF LINDSBORG, KANSAS
CAPITAL PROJECT FUND - SPECIAL SEWER RESERVE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts:		
Transfer from Sewer Fund	\$ -	\$ 258,050
Expenditures:		
Capital Outlay	-	-
Receipts Over (Under) Expenditures	-	258,050
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 258,050</u>

CITY OF LINDSBORG, KANSAS
CAPITAL PROJECT FUND - ELECTRIC RESERVE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
Transfer from Electric Fund	\$ -	\$ 1,450,000
Expenditures:		
Capital Outlay	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	1,450,000
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ 1,450,000</u></u>

CITY OF LINDSBORG, KANSAS
CAPITAL PROJECT FUND - SOLID WASTE RESERVE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
Transfer from Solid Waste Fund	\$ -	\$ 64,000
Expenditures:		
Capital Outlay	-	-
Receipts Over (Under) Expenditures	-	64,000
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 64,000</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LINDSBORG, KANSAS
CAPITAL PROJECT FUND - WATER RESERVE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
Transfer from Water Fund	\$ -	\$ 900,000
Expenditures:		
Capital Outlay	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	900,000
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ 900,000</u></u>

CITY OF LINDSBORG, KANSAS
ENTERPRISE FUND - ELECTRIC UTILITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Actual	Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
Charges for Services	\$ 2,784,029	\$ 2,908,704	\$ 2,700,000	\$ 208,704
Penalties	20,226	21,855	15,000	6,855
Principal on Bethany note	8,685	9,068	-	9,068
Interest	7,476	7,092	-	7,092
Sales Tax	66,982	81,372	75,000	6,372
Other	30,754	19,117	30,000	(10,883)
Total Cash Receipts	2,918,152	3,047,208	\$ 2,820,000	\$ 227,208
Expenditures:				
Production -				
Purchased Power	1,791,811	2,051,594	\$ 1,800,000	\$ (251,594)
Distribution -				
Personal Services	347,044	331,335	376,000	44,665
Contractual	47,399	93,348	60,000	(33,348)
Commodities	48,095	88,083	85,000	(3,083)
Capital Outlay	37,780	69,692	694,225	624,533
Continuing Education	5,348	3,559	-	(3,559)
General Administration -				
Personal Services	196,368	186,230	183,000	(3,230)
Contractual	29,258	41,236	45,000	3,764
Commodities	3,003	2,164	5,000	2,836
Capital Outlay	3,122	-	5,000	5,000
Continuing Education	2,033	1,994	-	(1,994)
Non Operating				
Postage	4,893	5,324	5,300	(24)
Other	352	2,626	-	(2,626)
Sales Tax	64,637	78,800	83,000	4,200
Interest	147	151	500	349
Debt Service Principal	65,000	75,000	75,000	-
Debt Service Interest	56,325	54,375	54,375	-
Depreciation Reserve	50,000	1,450,000	1,450,000	-
Energy Efficiency Reserve	26,000	-	26,000	26,000
Transfer to industrial development	10,000	10,000	10,000	-
Total Expenditures	2,788,615	4,545,511	\$ 4,957,400	\$ 411,889
Receipts Under Expenditures	129,537	(1,498,303)		
Unencumbered Cash, Beginning	2,157,126	2,286,663		
Unencumbered Cash, Ending	\$ 2,286,663	\$ 788,360		

CITY OF LINDSBORG, KANSAS
ENTERPRISE FUND - WATER UTILITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Charges for services	\$ 389,113	\$ 440,964	\$ 370,000	\$ 70,964
Penalties	3,205	3,568	3,000	568
Water Protection Fee	3,502	3,922	-	3,922
Other	4,788	4,426	10,000	(5,574)
Total Cash Receipts	400,608	452,880	\$ 383,000	\$ 69,880
Expenditures:				
Personal services	215,981	210,049	\$ 224,000	\$ 13,951
Contractual	38,249	53,524	45,000	(8,524)
Commodities	49,088	95,487	90,000	(5,487)
Continuing Education	3,606	3,081	-	(3,081)
Capital Outlay	60,535	28,716	290,324	261,608
Water Protection Fee	6,762	7,622	-	(7,622)
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
Transfer to Water Reserve	-	900,000	900,000	-
Total Expenditures	374,221	1,298,479	\$ 1,549,324	\$ 250,845
Receipts Over Expenditures	26,387	(845,599)		
Unencumbered Cash, Beginning	1,186,167	1,212,554		
Unencumbered Cash, Ending	\$ 1,212,554	\$ 366,955		

The notes to the financial statements are an integral part of this statement.

**CITY OF LINDSBORG, KANSAS
ENTERPRISE FUND - SEWER UTILITY FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011**

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Actual	Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
Charges for services	\$ 412,646	\$ 587,890	\$ 595,000	\$ (7,110)
Penalties	3,943	5,718	3,000	2,718
Other	1,075	345	500	(155)
Total Cash Receipts	<u>417,664</u>	<u>593,953</u>	<u>\$ 598,500</u>	<u>\$ (4,547)</u>
Expenditures:				
Personal services	116,309	121,446	\$ 123,000	\$ 1,554
Contractual	19,106	47,639	40,000	(7,639)
Commodities	18,510	20,915	20,000	(915)
Continuing Education	2,474	2,464	-	(2,464)
Capital Outlay	3,394	3,175	559,841	556,666
Transfer Special Sewer Reserve Fund	-	258,050	258,050	-
Transfer Waste Water Treatment Capital projects	134,460	-	-	-
Debt Service - Principal	72,295	135,572	216,892	81,320
Debt Service - Interest and Service Fee	22,585	125,227	168,239	43,012
Total Expenditures	<u>389,133</u>	<u>714,488</u>	<u>\$ 1,386,022</u>	<u>\$ 671,534</u>
Receipts Over (Under) Expenditures	28,531	(120,535)		
Unencumbered Cash, Beginning	<u>621,930</u>	<u>650,461</u>		
Unencumbered Cash, Ending	<u>\$ 650,461</u>	<u>\$ 529,926</u>		

CITY OF LINDSBORG, KANSAS
ENTERPRISE FUND - AMBULANCE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
Charges for services	\$ 93,591	\$ 105,662	\$ 75,000	\$ 30,662
County Reimbursements	79,724	79,724	79,724	-
Other	6,006	3,281	-	3,281
Total Cash Receipts	179,321	188,667	\$ 154,724	\$ 33,943
Expenditures:				
Personal services	113,864	120,993	\$ 112,000	\$ (8,993)
Contractual	28,397	31,297	29,000	(2,297)
Commodities	14,572	17,336	15,000	(2,336)
Continuing Education	7,592	3,992	6,000	2,008
Capital Outlay	55,554	11,012	203,163	192,151
Other	1,437	655	-	(655)
Total Expenditures	221,416	185,285	\$ 365,163	\$ 179,878
Receipts Over (Under) Expenditures	(42,095)	3,382		
Unencumbered Cash, Beginning	262,136	220,041		
Unencumbered Cash, Ending	\$ 220,041	\$ 223,423		

CITY OF LINDSBORG, KANSAS
ENTERPRISE FUND - SOLID WASTE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
Charges for services	\$ 206,667	\$ 205,515	\$ 205,000	\$ 515
Penalties	2,102	2,314	1,750	564
Other	8	8		8
Total Cash Receipts	208,777	207,837	\$ 206,750	\$ 1,087
Expenditures:				
Contractual	151,746	157,247	155,000	(2,247)
Commodities	5,171	1,220	7,414	6,194
Capital Outlay	-	-	190,000	190,000
Transfer to Solid Waste Equipment Reserve	-	64,000	64,000	-
Transfer to General Fund	19,200	21,000	21,000	-
Total Expenditures	176,117	243,467	\$ 437,414	\$ 193,947
Receipts Over Expenditures	32,660	(35,630)		
Unencumbered Cash, Beginning	198,107	230,767		
Unencumbered Cash, Ending	\$ 230,767	\$ 195,137		

**CITY OF LINDSBORG, KANSAS
DISCRETELY PRESENTED COMPONENT UNITS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011**

	Elmwood Cemetery	Library
Cash Receipts:		
City of Lindsborg	\$ 9,000	\$ -
Transfer from City of Lindsborg Library Fund	-	47,939
Smoky Hill Township	3,000	-
Lindsborg Community Fund	-	-
FOLL	-	2,123
Lot Sales	4,045	-
South Central Kansas Library System	-	9,485
State of Kansas	-	1,584
Donations - estate gift	73,222	-
Donations - other	-	6,046
Interest	359	850
Miscellaneous	1,855	777
	<hr/>	<hr/>
Total Cash Receipts	91,481	68,804
	<hr/>	<hr/>
Expenditures:		
Personal Services	9,731	33,467
Books, Subscriptions, DVDs and CDs	-	4,199
Postage	-	1,108
Utilities	275	7,045
Insurance	1,062	3,353
Land Purchase	37,871	-
Repairs and Maintenance	9,204	4,451
Furnishings and Equipment	-	823
Supplies	2,898	859
Taxes	278	-
Miscellaneous	1,915	6,804
	<hr/>	<hr/>
Total Expenditures	63,234	62,109
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	28,247	6,695
	<hr/>	<hr/>
Unencumbered Cash, Beginning	31,652	84,288
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ 59,899	\$ 90,983
	<hr/>	<hr/>

**CITY OF LINDSBORG, KANSAS
AGENCY FUNDS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended December 31, 2011**

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Utility Security Deposit Fund	\$ <u>16,147</u>	<u>7,383</u>	<u>7,430</u>	\$ <u>16,100</u>

CITY OF LINDSBORG, KANSAS

STATEMENT OF CHANGES IN LONG-TERM DEBT
For the Year Ended December 31, 2011

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Debt Forgiveness	Net Change	Balance End of Year	Interest Paid
General Obligations Bonds:											
Series 2009 - Hospital refunding	2.7% to 4.60%	10/15/2009	545,000	10/1/2020	520,000	-	45,000	-	(45,000)	475,000	16,242
Series 2009 Golf Course	2.7% to 4.60%	10/15/2009	150,000	10/1/2019	135,000	-	15,000	-	(15,000)	120,000	4,058
Series 2009 City Hall / Streets	2.7% to 4.60%	10/15/2009	2,045,000	10/1/2029	1,805,000	-	70,000	-	(70,000)	1,735,000	69,203
Series 2001-Peterson Estates	3.75% to 4.00%	11/1/2001	130,000	10/1/2011	15,000	-	15,000	-	(15,000)	-	600
Revenue Bonds:											
Series 2009	3.00% to 5.13%	4/1/2009	1,310,000	10/1/2018	1,245,000	-	75,000	-	(75,000)	1,170,000	54,375
Note Payable:											
KDHE Waste Water Treatment / AARA Note Payable	2.83%	1/4/2010	5,176,532	3/1/2031	3,639,941	1,310,732	60,680	1,436,425	(186,373)	3,453,568	109,988
KDHE	3.31%	11/15/1995	1,149,629	3/1/2016	446,620	-	74,892	-	(74,892)	371,728	15,239
Total Bonded Indebtedness					7,806,561	1,310,732	355,572	1,436,425	(481,265)	7,325,296	269,705
Compensated Absences	N/A	N/A	N/A	N/A	73,240	43,502	46,274	-	(2,772)	70,468	-
Total Long-Term Debt					\$ 7,879,801	\$ 1,354,234	\$ 401,846	\$ 1,436,425	\$ (484,037)	\$ 7,395,764	\$ 269,705

The notes to the financial statements are an integral part of this statement.

CITY OF LINDSBORG, KANSAS

SCHEDULE OF MATURITY OF LONG-TERM DEBT
For the Year Ended December 31, 2011

		YEAR								
	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2031	Total	
PRINCIPAL										
General Obligation Bonds:										
Series 2009 Hospital refunding	\$ 45,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 230,000	-	-	\$ 475,000	
Series 2009 Golf course	15,000	15,000	15,000	15,000	15,000	45,000	-	-	120,000	
Series 2009 City Hall / Streets	70,000	75,000	75,000	80,000	80,000	345,000	410,000	600,000	1,735,000	
Revenue Bonds:										
Series 2009 - Electric Revenues	75,000	75,000	75,000	-	-	415,000	530,000	-	1,170,000	
Notes Payable:										
KDHE Waste Water Treatment AARA Note Payable	143,327	147,412	151,613	155,934	160,378	873,115	1,004,832	816,957	3,453,568	
KDHE - Sewer Revenues	77,582	80,368	83,255	86,245	44,278	-	-	-	371,728	
TOTAL PRINCIPAL	425,909	442,780	449,868	387,179	349,656	1,908,115	1,944,832	1,416,957	7,325,296	
INTEREST										
General Obligation Bonds:										
Series 2009 Hospital refunding	15,230	14,105	12,730	11,230	9,730	21,235	-	-	84,260	
Series 2009 Golf course	3,720	3,345	2,933	2,483	2,033	3,188	-	-	17,702	
Series 2009 City Hall / Streets	67,628	65,878	63,815	61,745	59,165	209,585	153,450	85,100	766,366	
Revenue Bonds:										
Series 2009 - Electric Revenues	52,125	49,875	47,436	44,888	44,887	170,188	81,487	-	490,886	
Notes Payable:										
KDHE Waste Water Treatment AARA Note Payable	102,853	98,768	94,566	90,245	85,801	357,782	226,065	290,850	1,346,930	
KDHE - Sewer Revenues	12,549	9,764	6,876	3,886	787	-	-	-	33,862	
TOTAL INTEREST	\$ 254,105	\$ 241,735	\$ 228,356	\$ 214,477	\$ 202,403	\$ 761,978	\$ 461,002	\$ 375,950	\$ 2,740,006	

The notes to the financial statements are an integral part of this statement.

CITY OF LINDSBORG, KANSAS

NOTES TO SPECIAL FINANCIAL STATEMENTS

December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

The City of Lindsborg is a municipal corporation governed by an elected mayor and elected eight-member council. These financial statements present the City of Lindsborg (the primary government) and some of its component units. The component units are included in the city's reporting entity because of the significance of their operational or financial relationships with the city.

Discretely Presented Component Units - The component units section of the financial statements includes the financial data of the discretely presented component units. These component units are reported separately to emphasize that they are legally separate from the city. The governing bodies of these component units are appointed by the city.

Library Board - The City of Lindsborg Library Board operates the city's public library. Acquisition or disposition of real property by the board must be approved by the city. Bond issuances must also be approved by the city. The governing body is appointed by the city.

Elmwood Cemetery - The city is liable for actions of the Elmwood Cemetery Board. The governing body is appointed by the city.

Housing Authority - This component unit is not included in the reporting entity. The city does not provide funding, establish budgets, nor exercise any influence over the daily operations of the authority. The governing body is appointed by the city.

Fireman's Relief Association - The Association is not a component unit because the city exercises no oversight responsibility and has no accountability for its fiscal matters. The Firemen's Relief Association provides insurance and other benefits to firemen. The association's board consists of firefighters elected by popular vote. Kansas statutes provide for funding.

(b) Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for separately. Funds are classified into three categories: governmental, proprietary and fiduciary. Within each of these three categories there are one or more fund types. The city used the following fund types:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Operating Fund - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources other than special assessments expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(b) Basis of Presentation - Fund Accounting (cont.)

Debt Service Funds - These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds and Special Assessment Funds.

Capital Project Funds - These funds account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary and Trust funds.

Proprietary Fund Types

These funds account for operations that are self-supporting through user charges. The funds included in this category are Enterprise Funds and Internal Service Funds.

Enterprise Funds - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal service Funds - These funds are established to account for the financing of goods or services provided by one department or other departments of the City on a mostly cost-reimbursement basis.

Fiduciary Fund Types

These funds account for assets held by the City as a trustee or agent for individuals, private organizations and other units of governments. These funds are as follows:

Expendable Trust Funds - These funds are used to account for funds that are to be used for expenditures incurred by City employees and for funds held in escrow for other parties.

Agency Funds - These funds are used to account for assets received for, held for, and disbursed to individuals, other State and Local Government unit funds or other governmental or private sector organizations.

(c) Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(d) Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance: encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General fixed assets that account for the land, building and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

(e) Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the General Operating Fund, Special Revenue Funds (unless specifically exempted by statute), Debt Service Funds and Enterprise Funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding year on or before August 1.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end.

A legal operating budget is not required for Capital Project Funds and Agency Funds.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

(f) Special Assessments

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

(g) Subsequent Events

Subsequent events have been evaluated through July 10, 2012, which is the date the audited financial statements were available to be issued.

(h) Reimbursements

A reimbursement is an expenditure or expense made initially made in one fund but properly attributable to another fund. The City of Lindsborg, Kansas records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records the reimbursements as revenue to that fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The city does not have a contract with the Lindsborg Housing Authority in regard to the payments made in lieu of taxes on the streets. This is a violation of K.S.A. 12-147.

3. DEPOSITS AND INVESTMENTS

(a) Deposits

At December 31, 2011, the carrying amount of the City's deposits, including certificates of deposit, was \$6,480,598. The bank balance was \$6,427,006. The difference between the carrying amount and the bank balance is checks outstanding and deposits in transit. Of the bank balance \$500,000 was covered by FDIC insurance and the remaining \$5,927,006 was collateralized by pledged securities held under safekeeping receipts issued by a third-party bank in the bank's name with the City listed as pledgee and deposit surety bonds.

(b) Investments

Kansas statutes authorize the City to invest in U.S. Treasury Bills and Notes, repurchase agreements, and the Kansas Municipal Investment Pool. All investments must be insured, registered, or held by the City or its agent in the City's name. The Kansas Municipal Investment Pool is not subject to the risk category classifications.

	Carrying Amount	Market Value
Kansas Municipal Investment Pool	\$ 75	\$ 75

4. PENSION COSTS AND EMPLOYEE BENEFITS

(a) Defined Benefit Pension Plan

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (400 SW 8th Avenue, Suite 200; Topeka, KS 66603-3925) or by calling 1-800-228-0366.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for tier 1 employees and 6% for tier 2 employees. Tier two became effective July 1, 2009. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2011 is 6.74%. The City employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009, were \$98,216, \$82,604, and \$72,057, respectively, equal to the statutory required contributions for each year.

(b) Other Employee Benefits

Vacation – Upon the completion of six (6) months employment, a full-time employee shall be credited with three (3) vacation leave days. From that point on, vacation leave accrual is as follows:

<u>Length of Employment</u>	<u>Rate of Accrual</u>	<u>Maximum Accumulation</u>
0 - 6 Months	0	24 hrs/03 days
7 - 12 Months	4hr./mo.	48 hrs/06 days
1 - 5 Years	8hr./mo.	120 hrs/15 days
6 - 10 Years	10 hr./mo.	140 hrs/17.5 days
11 - 20 Years	12 hr./mo.	160 hrs/20 days
over 20 Years	12 hr./mo.	200 hrs/25 days

Vacation (cont.) – An employee on regular status, who has been continuously employed for at least six months and resigns, will be compensated for accumulated vacation leave up to the maximum allowable accumulation. The accumulated vacation at December 31, 2011 and 2010 was \$70,468 and \$73,240, respectively. This amount is reflected in the Statement of Changes in Long-Term Debt.

Sick leave - All regular and salaried full-time employees shall be granted paid sick leave for the following reasons: Personal illness or physical incapacity; forced quarantine of the employee in accordance with community health regulations, directives or orders; a doctor's or dentist's appointment if an appointment cannot be scheduled other than during work time; serious illness in the immediate family which requires the employee to be at home.

Amount of sick leave – Each regular or salaried full-time employee shall be given sick leave credit at the rate of one working day per month.

Accumulation of sick leave - Sick leave may be accumulated up to a maximum of sixty (60) working days for regular and salaried full-time employees only. Upon termination of employment of any regular or salaried full-time employee, the unused credit thereof for such leave automatically will be cancelled, without any pay therefore to the employee. But upon retirement an employee is credited and paid to a maximum of 60 days sick leave.

5. CLAIMS AND JUDGMENTS

The City is exposed to various risks of loss related to property loss, torts, and errors and omissions. The City has purchased commercial insurance for these potential risks. There has been no significant reductions in insurance coverage in 2011 and there were no settlements that exceeded insurance coverage in 2011.

The City of Lindsborg was the defendant in a dispute with DS&O Rural Electric Cooperative Association. A judgment in the amount of \$16,607.81 was entered in November of 2008. The case was appealed by DS&O and the Supreme Court of the State of Kansas denied the appeal. The case was settled during 2011 in the amount of \$23,306.

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. It is of the opinion of the City's management and legal counsel that these matters are not anticipated to have a material impact on the City.

6. INTERFUND TRANSFERS

From	To	Statutory Authority	Amount
Primary Government:			
Solid Waste Fund	General Fund	K.S.A. 12-630a	\$ 21,000
General Fund	Capital Improvement Reserve	K.S.A. 12-1-118	\$ 50,000
Electric Utility Fund	Industrial Development Fund	K.S.A. 12-197	\$ 10,000
Electric Utility Fund	Electric Reserve Fund	K.S.A. 12-825d	\$1,450,000
Sewer Utility Fund	Sewer Reserve Fund	K.S.A. 12-825d	\$ 258,050
Solid Waste Fund	Solid Waste Reserve Fund	K.S.A. 12-825d	\$ 64,000
Water Utility Fund	Water Reserve Fund	K.S.A. 12-825d	\$ 900,000
Recreation Fund	Municipal Golf Course	K.S.A. 12-1304	\$ 17,507
General Fund	Sundstrom Project	K.S.A. 12-1736	\$ 28,761
Component Units:			
General Fund	Cemetery	K.S.A. 12-1420	\$ 9,000
Library Fund	Library	K.S.A. 12-1220	\$ 47,939

7. FUND EQUITY

Reserves of proprietary funds are created by increases in assets restricted for debt service and renewals and replacements. These increases result from earnings on restricted assets and other interfund transfers to restricted accounts.

The 2009 Electric and Waterworks System Revenue Bonds ordinance requires that certain restricted funds be established to ensure payment of bonds and interest and to enable the City to meet future needs arising from unusual maintenance requirements or income shortfalls. The ordinance also requires the City, among other things, to establish rates adequate to produce Net Revenues (Gross revenues less current expenses before depreciation) in an amount that will not be less than 125% of the Debt Service Requirements to be paid in such fiscal year on all System revenue bonds at the time outstanding. The revenues of the Electric and Water Departments are pledged under the terms of the ordinance. Debt service for the year ending December 31 2012 is \$127,125 and requiring net revenue to be at least \$158,906 for the year ended December 31, 2011. Net Revenues for the Electric Utility Fund and Water Utility Fund were \$35,198 and \$86,289, respectively totaling \$121,487 for the year ended December 31, 2011.

8. CAPITAL PROJECTS

Capital Project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project Authorization	Cash Disbursement And Accounts Payable to Date
General Government		
Sundstrom Building Renovation	\$ 2,215,000	\$ 69,979
Public Utilities		
Waste Water Treatment Plant	5,351,000	5,942,392

The Waste Water Treatment plant project was completed during the year ended December 31, 2011 (see note 9 below). Additionally the authorization for the Sundstrom Building Renovation occurred on May 30, 2012. The costs listed on the Sundstrom Building Renovation were paid or due on December 31, 2011.

9. KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT WASTE WATER TREATMENT AMERICAN RECOVERY AND REINVESTMENT ACT NOTE PAYABLE:

The City of Lindsborg, Kansas, in accordance with procedures for implementing the Kansas Water Pollution Control Revolving Loan Fund Act and the American Recovery and Reinvestment Act, was granted a note payable. The total funding for the project is estimated to be \$5,310,000. Funding for the project and amounts received are as follows:

Description	Project Amount	Funding Expended
City of Lindsborg KWPCRLF Project C20 1790 01A		
Environmental Protection Agency Grant	\$ 500,000	\$ 485,000
City of Lindsborg, Kansas	500,000	506,719
Kansas Water Pollution Control Revolving Loan Fund	1,656,532	1,955,101
American Recovery and Reinvestment Act Funding	3,520,000	2,995,572
Subtotal	6,176,532	5,942,392
Less debt principal forgiveness	(1,322,604)	(1,436,425)
Total Project Funding	\$4,853,928	\$ 4,505,967

Under the terms of the American Recovery and Reinvestment Act, the project must upgrade the existing mechanical treatment facility by replacing existing equipment with equipment which will reduce energy use qualifying as a 'green technology' design. The project will receive "principal forgiveness" on a portion of the Kansas Water Pollution Control Revolving loan equal to 50% of the actual design and construction cost of the "green technology" components. The amount of the principal forgiveness is \$1,436,425 which is designed to help reduce debt service costs and allow the City to reduce user charges.

The note was dated January 4, 2010 and is due March 3, 2031. The loan available (the KWPCRLF and ARRA portions) was \$5,176,532. The total draws on the loan were \$4,950,673 and the amount of forgiveness on the loan was \$1,436,425 leaving a balance of \$3,514,248. At December 31, 2011, \$60,680 in principal had been paid on the note by the City leaving an unpaid balance of \$3,453,568. Interest accrues at a rate of 2.83%. At December 31, 2011 \$109,987 in interest and service fees had been paid with \$32,579 of interest and service fees unpaid.

CITY OF LINDSBORG, KANSAS
OMB CIRCULAR A-133 SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2011
With
INDEPENDENT AUDITOR'S REPORT

David A O'Dell CPA LLC
Certified Public Accountant
McPherson, Kansas 67460

CITY OF LINDSBORG, KANSAS

OMB CIRCULAR A-133, SINGLE AUDIT REPORT For the Year Ended December 31, 2011

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A copy of the City of Lindsborg, Kansas Statutory Basis Financial Statements, year ended December 31, 2011, accompanies this report. The Independent Auditor's Report and the Statutory Basis Financial Statements are hereby incorporated by reference.

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**INDEPENDENT AUDITOR'S REPORT OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mayor and City Council
City of Lindsborg Kansas

I have audited the financial statements of the City of Lindsborg, Kansas, as of and for the year ended December 31, 2011, and have issued my report thereon dated July 10, 2012. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Lindsborg, Kansas internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lindsborg, Kansas internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Lindsborg, Kansas internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Lindsborg, Kansas financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lindsborg, Kansas financial statements are free of material misstatement, I performed tests of its compliance with certain

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provisions of laws, regulations contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I have not expressed such an opinion.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink, appearing to read "D. A. O'Dell", is positioned above the printed name.

David A. O'Dell, CPA, LLC

July 10, 2012

McPherson, Kansas

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mayor and City Council
City of Lindsborg Kansas

Compliance

I have audited the compliance of the City of Lindsborg, Kansas with the types of compliance requirements described in the U.S. Office of Management and budget (OBM) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2011. The City of Lindsborg, Kansas major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Lindsborg, Kansas management. My responsibility is to express an opinion on the City of Lindsborg, Kansas compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lindsborg, Kansas compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the City of Lindsborg, Kansas compliance with those requirements.

In my opinion, the City of Lindsborg, Kansas complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance


The management of the City Of Lindsborg, Kansas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the City of

Lindsborg, Kansas internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Lindsborg, Kansas internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in a normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely basis.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Mayor, City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



David A. O'Dell, CPA, LLC
July 10, 2012
McPherson, Kansas

CITY OF LINDSBORG, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

Federal Grantor / Pass-Through Grantor / Program Title/ Grant Period	Federal CFDA Number	Other Grant Number / Loan Number Project Number	Available Federal Awards	Year end 12-31-10 Amount of Loans/ Grants Expended	Year end 12-31-11 Amount of Loans/ Grants Expended	Total Amount of Loans/ Grants Expended
Waste Water Treatment Plant Improvements:						
Environmental Protection Agency	66.202	C20-1790-01A	500,000.00	485,000.00	-	485,000.00
Kansas Department of Health and Environment (KDHE) (Grant/Loan Dates - February 16, 2010 to April 29, 2011): American Recovery and Reinvestment Act (ARRA) Funding	66.202	C20-1790-01A	3,520,000.00	2,995,571.79	-	2,995,571.79
Kansas Water Pollution Control Revolving Fund Funding (KWPCRF)	66.202	C20-1790-01A	1,656,533.00	644,368.87	1,310,732.13	1,955,101.00
Total			5,176,533.00	3,639,940.66	1,310,732.13	4,950,672.79

CITY OF LINDSBORG, KANSAS

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2011

1. Basis of Presentation

The accompanying schedule of expenditure of federal awards includes the federal grant activity of the City of Lindsborg, Kansas and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements, including the capitalization and depreciation of property assets.

2. Direct Loans / Grant Funds

The following schedule summarizes outstanding balances of direct loans as of December 31, 2011 and expenditures of Federal and State Awards:

Federal Grantor / Pass-Through Grantor / Program Title/Grant Period	Federal CFDA Number	Other Project Number	Balance of Direct Loans / Grants	Amount of Loans/ Grants Expended
Waste Water Treatment Plant Improvements:				
Environmental Protection Agency	66.202	C20-1790-01A	500,000.00	485,000.00
Kansas Department of Health and Environment (KDHE) (Grant/Loan Dates - February 16, 2010 to December 31, 2011):				
ARRA Funding	66.202	C20-1790-01A	3,520,000.00	2,995,571.79
KWPCRF Bond Funding	66.202	C20-1790-01A	1,656,533.00	1,955,101.00
Total			5,176,533.00	4,950,672.79

The amount of funding from the Environmental Protection Agency is complete. The department retains 3% of the total grant awarded for administration. The \$500,000 less 3% of the \$500,000 (\$15,000) is \$485,000.

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Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

Section I - Summary of Auditor's Results

Type of auditor's report issued

Unqualified

Internal Control over Financial Reporting:

YesNo

Material weakness Identified

☐☒Significant deficiencies identified that are
not considered to be material weaknesses☐☒

None Reported

Non compliance Material to financial
statements noted☐☒*Federal Awards*

Internal control over major programs:

Material weakness identified

☐☒Significant deficiencies identified that are
not considered to be material weaknesses☐☒

None Reported

Type of auditor's report issued

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with sections 510(a) of
Circular A-133☐☒

Identification of Major Programs:

CFDA
Number

Name of Federal Program

66.202

Congressionally Mandated Projects

Dollar threshold used to distinguish between
Type A and Type B programs

\$500,000

YesNo

Auditee qualified as low-risk auditee?

☐☒

Section II -- Financial Statement Findings

No reportable matters

Section III -- Federal Award Findings and Questioned Costs

No Reportable matters

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**Summary Schedule of Prior Year Audit findings
For the Year Ended December 31, 2011**

No Reportable Prior Year findings